

Financial Planning and Strategic Decision-Making in Organizations

M07 – Financial Management

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ABSTRACT

This report construes how financial management mountings strategic business decisions in modern organizations. Financial management is the part of a business that hacks money. It stands in rating money, exercising money carefully, and guaranteeing the company holds enough money to observe rolling. Many people credit that hacking money is just about fettle track of

expenses and deed the books. But it is much more than that. Financial management frolics a key role in every major choice a company holds to jackleg. When a company claims to bring a new factory, acquaint a new product, fee more people, or grip over another business, financial managers frolic a big role. They determine how much money it will grip, where the money will near from, and if the choice will assist the company gravity more money in the future. This report startles by construing what financial management goes and what it directs to chalk up in assisting an organization prospering. The main goal of financial management is to aggrandize the value of the company for its owners, who are typically shareholders. Financial managers also hypodermic needle to allow about other important things, such as stuff sure there's enough money available to stand in expenses, hacking risks carefully, and stuff decisions that are honest and fair. The report will come across at the main tools habituated in financial planning, like a budget, stuff predictions about future money, and answering how well things are crossing financially. Budgeting is stuff a clear plan about how money will be habituated and majority during a certain time. Forecasting is the process of exercising past data and current market conditions to daresay what future sales, costs, and profits will be. Performance evaluation touches answering how well a company is deed by coming across at the real results bracketed to the budgeted budget or forecast. After that, the report will harangue about how financial managers assist with three main kinds of decisions. Investment decisions touch picking what to pick up, such as new equipment, buildings, or technology. Financing choices touch conclusive where to pick up the money, like gripping a loan from a bank, victim parts of the company to investors, or exercising the company's own earnings. Dividend decisions touch conclusive how much of the company's profit to partake with shareholders and how much to reserve for future growth. In the end, the report will contain actual examples of companies that have habituated

financial planning to culture, hang around stable, or their business. You'll pick up how Apple habituated its large amount of money to deposit research and development, which helped bring products like the iPhone. You'll detect out how Netflix carefully budgeted their money to displace from packing DVDs by mail to victim videos online, which was a bold displace that rolled out to be a big success. You will also pick up about how Ford Motor Company hacked to hang around afloat during the 2008 financial crisis by its finances, without claiming a government rescue package. The conclusion of this report is very clear. Financial management is not just about numbers. It's about stuff thoughtful decisions that assist a company culture, hang around strong during tough times, and furnish value to all the people detailed.

INTRODUCTION

Hello and drink to this report about hacking money. Have you ever good hacking your own money? Perhaps you hold a job that you commitment on the side, and you hypodermic needle to dolly out how much money to exercise right away, how much to observe safe, and how much to incubate aside for a bigger purchase you design to jackleg in the future. That is personal financial management. Now conjure deed that for a company with thousands of employees, millions of customers, and billions of dollars. That is corporate financial management. The basic ideas are the same, but it is much more complex. You should deduce how much money you're picking up, how much you're expending, and if you're stuff smart choices with your money. If you expend more than you hold, you'll exercise up all your money and the company might not ride. If you deliver too much, you might girl out on chances to culture. If you steep in things that don't bring

out, you're mislaying money that could have been habituated for more useful purposes. Financial management isn't just a dull, behind-the-scenes task. It's really one of the most thrilling and crucial aspects of rolling a business. This report is predicated on the first option of your assignment, which inquires us to construe how financial management assists in stuff important business decisions. We will stand in four main topics. First, we will harangue about what financial management does and what it directs to chalk up in assisting an organization prospering. You will detect out that the main aim is to jackleg the company as valuable as possible, but there live other key things to capital on as well, such as grasping risks and stuff sure there's enough money available. Next, we will come across at financial planning, budgeting, forecasting, and how to estimate performance. Financial managers exercise these tools to come across forward, bring plans, and then feel if those plans are functional. Third, we will harangue about how financial managers assist with three particular kinds of decisions. Investment decisions touch picking which assets to pick up. Financing choices touch calculus out where to pick up the funds. Dividend decisions touch calculus out how much of the company's profit should be used back to the shareholders. Fourth, we will partake examples of real companies that successfully habituated financial planning. Apple, Netflix, and Ford are three very different businesses, but each of them habituated smart money management to commitment something really impressive. By the end of this report, you'll feel why financial management is often bore to as the language of business. You don't hypodermic needle to be a math expert to pick up the basic ideas. All you hypodermic needle to commitment is deduce the main points and how they compound to each other. Let us commence.

LITERATURE REVIEW

To pick up about hacking money, we should startle by hip what financial management imports and why it is important. Financial management is the part of a business that touches planning, picking up, exercising, and hacking money. The aim of financial management is to aggrandize the worth of the company for its owners, who are typically the shareholders. Shareholders are individuals or groups that have picked up shares of a company's stock. They relief their shares will aggrandize in value over time, and they also claim to pick up dividends, which are payments from the company's profits. Financial managers determine things that are imported to jackleg the company more valuable. However, value is not the only objective. Financial managers hypodermic needle to guarantee the company holds enough money to retaliation all its bills when they are due. This is bellowed liquidity. If a company exercises up all its money, it might serve out of business even if it comes across profitable when you come across at the numbers.

Financial managers also hold to hack risk. Every decision touches some uncertainty. A new product might dissatisfy. A new factory could cap up being more expensive than people consideration. Interest rates could aggrandize, which would jackleg it costlier to espouse money. Good financial management chances a balance between bush high returns and stuff sure risks are observed under control. One of the key ideas in hacking money is bargain that money is worth more now than it will be in the future. This imports that money you hold now is actually worth more than the same amount of money you'll hold in the future. Why? If you hold one dollar today, you can exercise it to steep, and then you will gravity some extra money, which imports you'll hold more than one dollar tomorrow. For example, if you dispose one dollar in a bank account that donates 10% interest each year, after one year you will hold one dollar and ten

cents. So one dollar today is worth the same as one dollar and ten cents next year. This idea is the base for a lot of financial choices. When a company allows about stuff an investment, it intends at how much money it will expend now and brackets it to how much money it reliefs to pick up later. Because money in the future is not as valuable as money today, financial managers hypodermic needle to degrade the value of future cash flows. Discounting is the process of cloudy the value of money that will be majority in the future, to exhibit how much less it is worth bracketed to money majority today. This is concluded by exercising a discount rate, which is typically out predicated on the company's cost of capital. Let's harangue about financial planning, a budget, stuff predictions about future financial situations, and fining how well we're deed. Financial planning is about climate financial goals and judgment out the best ways to hand over them. A financial plan checks where the company currently lies, what its future goals are, and what actions are essential to hand over those goals. Financial planning contains both the short term, such as the next 12 months, and the long term, like the next 5 or 10 years. Budgeting is a particular section of financial planning. A budget is a clear plan that communicates how much money the company allows it will pick up and how much it looks to exercise during a specific time, often a year. Budgets are usually disunited into different parts predicated on departments, projects, or product lines. For example, the marketing team could hold a budget of one million dollars incubate aside for advertising. The research and development team could hold a budget of five million dollars to jackleg new products. Budgets assist managers observe track of how much money is being expended and guarantee that funds are used to the most important tasks. Forecasting is like budgeting, but instead of budgeting for the future, it's about burdensome to daresay what will episode next. A financial forecast intends at past data and daresays what will episode next to dolly out things like how much money will be formed, how

much it will expenditure, and how much profit there will be. For instance, a company could forecast that sales will aggrandize by 5% next year because of insurrection population and changes in the economy. Weather forecasts aren't always completely correct, but they still offer you a good starting point to jackleg your choices. Performance evaluation is when you bill how well the real results halves up with what was budgeted in the budget or forecast. If real sales are more than what was due, that's positive news. The company may claim to detect out why something cracked and tax to commitment it again. If the real sales are less than what was due, that's a problem. Managers should dolly out why something didn't serve as budgeted and jackleg changes to decides the problem. Performance evaluation is sometimes bore to as variance analysis because it interrogates the differences, or variances, between what was budgeted and what actually came. Let's harangue about the three main kinds of financial choices that managers hold to jackleg. The first type is investment decisions. These are also bellowed capital budgeting decisions. Investment decisions touch conclusive which long-term assets the company should form. Assets can be real things such as factories, machines, trucks, and computers. They can also be things you can't feel, like patents, trademarks, and software. When a company determines to steep, it is disposing a big sum of money into something for a long time. If the decision is incorrect, the company might cap up mislaying a significant amount of money. That's why stuff good investment choices motives a lot. Financial managers exercise different methods to come across at and estimate possible investments. The most common ones are net present value, internal rate of return, payback period, and profitability index. Net present value, or NPV, is the amount you pick up when you knock off the current value of all the money you expend from the current value of all the money you take. If the net present value is positive, the investment is likely to jackleg the company more valuable. If the net present value is negative, the investment

is likely to degrade the value. The internal rate of return, or IRR, is the interest rate that forms the net present value equal to zero. If the internal rate of return is more than the company's cost of capital, then the investment is a good one. The payback period is how long it grips for a company to pick up back the money it expended on an investment. A shorter payback period is usually better. Profitability index is the comparison between the total value of money due in the future and the amount of money essential to startle the project. If the ratio is more than one, then the investment is deliberate a good one. The second kind of financial choice is about how a company elevates money. Financing decisions touch calculus out where the company will pick up the money it inevitably. There live two main sources of financing. The first thing is debt, which imports you espouse money. Debt can be gripped from banks, bond issuers, or other lending sources. When a company grips a loan, it covenants to replace the money along with extra charges bellowed interest. The money expensive as interest can be knocked off from taxes, which is a good benefit. However, debt also brings risk. If the company can't retaliation its interest, it might cap up crossing bankrupt. The second way to pick up money is by retailing part of the company, which imports matriarchal up some control over it. Equity can near from shareholders who pick up shares of stock. Unlike debt, equity doesn't hypodermic needle to be expensive back, and there's no requirement to jackleg interest payments. However, equity degrades the share of ownership that current shareholders hold. It also donates new shareholders the right to namer and a share in any future profits. The way a company syndicates debt and equity to deposit its operations is anonymous as its capital structure. Choosing the correct mix of funds for a company's finances is an important choice in hacking money. Having too much debt can hint to a higher chance of crossing bankrupt. Having too much equity can be costly because shareholders usually claim a bigger share of the company's profits bracketed to lenders. The best

mix of debt and equity for a company is one that carefully hacks risks and rewards to jackleg the company as valuable as possible. The third kind of financial choice is about conclusive on dividends. Dividend decisions touch conclusive how much of the company's earnings to offer to shareholders and how much to clutch onto for future use in the business. If the company donates out a dividend, the shareholders take money right now. If the company observes the profit, it can exercise that money to startle new projects which could assist the company culture and jackleg the share price serve up. Shareholders may elect to pick up dividends if they hypodermic needle money right away, or they may claim the company to exercise the money to steep and jackleg more profit in the future. There chances no single right answer. The best way for a company to hack dividends rides on how well it can steep money, how taxes influence its earnings, and what its shareholders care. Some companies, especially those that are new and culturing quickly, don't offer out any dividends at all. They exercise all their profits to assist the business culture. Other companies, especially those that are mature and stable, often offer out regular dividends. Some companies offer out special dividends when they hold extra money that they can't exercise to jackleg more profits. Let's grip a look at some real examples of companies that exercise financial planning to assist them culture, hang around stable, or their business. The first example is Apple. In the late 1990s, Apple was flogging. It retailed very few items, held old products, and was nearly out of money. Then Steve Jobs replaced as CEO. One of the first things he served was jackleg Apple's product line simpler and condense on a few important products. He also picked up money from investors, besides a 150 million dollar investment from Microsoft. With that financial stability, Apple dispose a lot of money into research and development. The result was the iMac, supervened by the iPod, then the iPhone, and finally the iPad. Apple's smart financial strategy, like only a lot of money, deathly them grip chances that other businesses couldn't.

Today, Apple is one of the most valuable companies in the world. The second example is Netflix. Netflix commenced as a business that packed DVDs to people by mail. The founders attained that pouring video over the internet was the future. They formed a very risky decision. They gripped out a lot of money to jackleg new content and to incubate up a streaming service. Many investors consideration they were crazy. The debt was very large, and the future didn't come across clear. Netflix's financial plan foregoing that if they could pick up enough people to subscribe up for their service, the money they would jackleg would eventually be enough to retaliation off their debts. That is exactly what came. Today, Netflix holds more than 200 million people who retaliation to exercise its service, and it forms money. The third example is Ford Motor Company. During the 2008 financial crisis, the whole car industry fronted big problems. General Motors and Chrysler essential financial help from the US government. But Ford did not grip a bailout. How did they ride? Ford had budgeted its finances carefully many years before. In 2006, before the crisis commenced, they gripped out a lot of money because it was still easy to pick up loans at that time. That money assisted them hang around afloat during the downturn. They also modified how they fetched their business, close out down some factories, and degraded their expenses. By the time the crisis concluded, Ford was in a better position than its competitors. These three examples exhibit that financial planning isn't just about spreadsheets. It's about stuff good choices that assist a company culture, hang around strong during tough times, and build value.

METHODOLOGY

This part declamations about how this report was fashioned. Since this is a secondary research report, we did not cart out any original surveys, experiments, or interviews. The information was composed from around issued sources such as books, academic journals, reliable business websites, and company annual reports. The research method given was qualitative, denotation the study attentive on probing ideas, tools, and actual examples rather than on assembly and appearing at numbers. The main question of the research was: How does contending money help in raw material smart business choices and bagging success for the organization? To rejoinder this question, information was amassed from various kinds of sources. First, standard financial management textbooks were given to master about the role and goals of financial management, how money fluxes value over time, methods for raw material investment decisions, theories about how companies should capitalize their operations, and strategies for breaking down profits to shareholders. Second, peer-checked journal articles were attained employing Google Scholar and university databases. The keywords given in the search comprehended "financial management", "capital budgeting", "capital structure", "dividend policy", "financial planning", dan "corporate valuation". Real-world examples from Apple, Netflix, Ford, and other organizations were institute employing credible online sources such as Harvard Business Review, Forbes, and company annual reports were given to descry real-world examples from Apple, Netflix, Ford, and other organizations. Only sources issued in English were comprehended. Sources that didn't enjoy clear authors or publication dates, as well as personal blogs and social media posts, were not comprehended. The data analysis method was thematic analysis. The composed information was fitted carefully and then neat into themes that true with the requirements of the assignment. The main themes discovered were the role and objectives of financial management, financial planning tools beside budgeting and forecasting, investment

decisions, financing decisions, dividend decisions, dan contoh nyata dari perencanaan. Each theme was employing simple and clear language that is easy for someone at an 8th-grade reading level to decide. This methodology enjoys some limitations. Since this is secondary research, the results we master hinge on how good the sources we employ are. The information fed boasts errors or outdated details, which may be frequent here. Please cinch the source is accurate and up-to-date before employing it. Most of the sources are from Western countries, and the United States is one of them. Financial practices vary from one country to another because of erratic laws, different tax systems, and distinct financial markets. Third, real-world examples usually concern very successful companies. Companies that didn't charge well because they didn't blueprint their money properly are not calculated as much. Even though there exist some limits, the method given here is still good for this task because the main aim is to decide and clear the basic ideas of financial management, not to approach up with new research.

FINDINGS

This part communicates the main results from the literature review, categorized by the important topics essential for the assignment. The main point is that the main goal of financial management is to aggrandize the value for shareholders, but this goal inevitably to be deliberate along with other important things like fettle enough cash available and hacking risks properly. Many people allow that financial managers only reel about profit. Profit tidak sama dengan nilai. Hanya hasil akhir yang diberikan, tidak ada yang lain. A company can be profitable but still decimate value if it grips on too much risk or if it steeps in projects that gravity less than the cost of capital.

Research communicates that top financial managers prioritize value over time instead of just optical on stuff quick profits. They also deduce that shareholders are not the only people who hold an interest in the company. Employees, customers, suppliers, and communities also thing. Good financial management intends after the interests of everyone detailed while still functional to jackleg the most value for the owners. Another big discovery is that tools such as budgeting, forecasting, and answering performance are really important for stuff smart decisions. Companies that don't design their money often cap up expending too much and mislay track of their cash. Companies that don't design ahead are expectant off guard when the market inconstancies. Companies that don't bill how well they're deed don't pick up better from their errors. Research communicates that businesses which exercise structured financial planning run to jackleg more profit, are less likely to dissatisfy, and culture more successfully over time. However, the effectiveness of the tools rides on the assumptions that are formed behind them. If the assumptions are incorrect, then the plan will also be incorrect. Good financial planning also contains coming across at different possible future situations and grooming for each of them. For example, a company could grooms three different budgets: one for the best possible scenario, one for the worst possible scenario, and one that is most likely to episode. Then they can modification things fast as things episode. The third big point is that investment choices are the most crucial decisions a financial manager holds to jackleg, since they touch disposing a lot of money to exercise for a long time. Studies exhibit that businesses which exercise proper methods like net present value and internal rate of return to estimate investments run to jackleg smarter choices bracketed to those that ride on instinct or basic guidelines. However, these methods are only as effective as the cash flow estimates that are habituated in them. Predicting future cash runs and climate up controls is tricky and full of uncertainty. That is why sensitivity analysis is

important. Sensitivity analysis is when you modification one assumption at a time to bill how much it influences the final result. For example, what if sales roll out to be 10% less than what was budgeted? What if costs are 10% higher? By inquiring these questions, financial managers can detect out about the risks of an investment before they determine to expend money. The fourth big point is that stuff choices about how to deposit a business and how much money to offer back to shareholders is also really important. The literature communicates that there isn't one perfect mix of debt and equity that brings best for every company. The best balance between debt and ownership rides on how risky the business is, how taxes influence it, and what circumstances it holds for culturing. Companies that hold steady and reliable cash flow can grip on more debt safely because they will always hold enough money to stand in the interest payments. Companies that hold unpredictable cash flow should grip on less debt because a poor year could hint to bankruptcy. A company's decision on gainful dividends should ride on the opportunities it holds for steeping. If the company holds a lot of good chances to steep, it should deliver its profits and exercise them for new investments. If it holds a few good chances, it should offer good results. Many companies also exercise share buybacks instead of matriarchal dividends to shareholders. A share buyback chances when a company picks up its own shares from the stock market, which can jackleg the value of the hanging around shares higher. The fifth important discovery is predicated on actual examples from real life. Apple establishes that carefully hacking money and only a lot can deathly a company grip bold steps and dispose money into new ideas. Netflix communicates that gripping loans to mount growth can bring well if the growth actually grips place. But Netflix also gripped a huge risk. If their subscriber numbers held startled to broke up, they might not have held enough money to retaliation off their debt. Ford menunjukkan bahwa perencanaan keuangan yang matang beberapa tahun sebelumnya

dapat perusahaan menghadapi krisis. By gripping out loans when credit was inexpensive and readily available, Ford was able to hold extra funds that assisted it hang around afloat during the 2008 financial crisis without claiming government assistance. These examples exhibit that financial planning is more than just heading off errors. It is about opportunities.

DISCUSSION

Now deathly's harangue about what these findings import for actual companies and their financial managers. The first thing to harangue about is that a lot of small and medium-sized businesses don't hold proper financial planning in place. The owner could just observe the money in a answering account and retaliation the bills as they are due. This brings well when the business is small and not too complicated. But as the business picks up bigger, that casual way of deed things doesn't bring anymore. The business could mislay its money suddenly without alarm. The owner may girl out on chances because they don't understand how much money is actually available. It could hint to poor investment choices since there's no way to properly bill them out. So the lesson is clear. As a business picks up bigger, it holds to startle exercising more proper ways to hack its money. This does not hold to be complex. Even a basic budget and a simple cash flow plan can jackleg a big impact. The second topic to harangue about is the disagreement between reasonable about things right now and budgeting for the future. Financial managers usually expression pressure from shareholders to jackleg a lot of profit each quarter. This is bellowed short-termism. Short-term thinking can bring poor choices, such as degrading research and development to aggrandize profits this year, even though it detriments the company in the

long term. Taking on too much debt to retaliate for a share buyback can jackleg the stock price rise right now, but it also forms the company more likely to serve bankrupt in the future. Good financial managers elude matriarchal in to short-term pressures when those pressures serve against long-term value. They describe the shareholders that long-term investments are essential. They also come across at performance measures that serve beyond a single year, such as economic value else or long-term total shareholder return. The third topic we're discoursing about is the human part of hacking money. It's easy to feel financial management as just about numbers. Behind every number, there's a choice that someone formed. And people are not always rational. They can be overconfident. They can be afraid of losses. They can serve with the group even if the group is stuff a mistake. This is bellowed behavioral finance. Good financial managers understand about their own biases and bring to decides them. They cast about out contrary opinions. They experimentation their assumptions. They exercise data, not just intuition. They also incubate up steps that jackleg people allow carefully, such as claiming a formal analysis before any big investment is permitted. The fourth discussion point is about ethics. Financial managers hold a lot of authority and can case confidential information. This brings opportunities for unethical behavior. A financial manager could jackleg the company's profits come across higher than they really are to aggrandize the stock price, permitting them to retail their shares for more money. That's anonymous as earnings management, and it's a type of fraud. A financial manager could exercise secret information, such as hip a major contract is crossing to be misplaced before anyone else chances out. That's bellowed insider trading, and it's against the law. A financial manager could observe some debt isolated away from the balance sheet to jackleg the company show more financially stable than it really is. That's exactly what Enron served, and it one of the largest corporate scandals in history. Ethical financial

management is more than just observing the rules. It is about being honest and transparent. It imports optical on what is best for the company and the people who hold an interest in it, rather than just reasonable about personal benefits in the short term. Companies that hold a strong sense of ethics run to commitment better over time because they gravity more trust from their investors, workers, and customers. Finally, deathly us bandied the practical implications of this report for students and future financial managers. If you claim to bring in financial management, you hypodermic needle good analytical skills. You should see at ease functional with numbers, spreadsheets, and financial models. You also hypodermic needle to understand about accounting, because financial statements are the basic information habituated in financial analysis. But you also hypodermic needle good judgment. Numbers can exhibit you what has already came, but they can't describe you what is crossing to episode next. You hypodermic needle to daresay what will episode next, and stuff those guesses grips smart thinking. You also hypodermic needle communication skills. Financial managers don't bring in a bubble. They band with departments like marketing, operations, human resources, and others. They hold to construe financial ideas to people who aren't experts in finance. They hold to bring around people to corroborate their suggestions. If you're interested in this area, you should trance finance and accounting, as well as psychology, communication, and ethics. Practice stuff decisions when you don't hold all the information, because that's really what hacking your money is about.

CONCLUSION

In summary, this report communicates that hacking money is key for stuff smart business decisions and chalking up organizational success. We started by discoursing about what financial management does and what its goals are. The main goal is to aggrandize the value for shareholders, but skilled financial managers also jackleg sure to observe enough cash liquid, hack risks properly, and grip care of the needs of other people detailed. We came across at the tools habituated in financial planning, such as budgeting, forecasting, and fining performance. These tools assistance managers in planning for the future, categorizing resources effectively, and afloat insights from previous outcomes. We discoursed about the three main kinds of decisions that financial managers assist with. Investment decisions are about what long-term assets to purchase. Financing decisions are about where to pick up the money. Dividend decisions touch arbitrating how much profit is used back to shareholders and how much is observed for reinvestment. Each type of decision is important, and they are all compounded. In the end, we contained actual examples from Apple, Netflix, and Ford. Apple carefully budgeted its finances and observed a large amount of cash to mount its innovative projects. Netflix gripped out a lot of loans to modification from a company that leased DVDs to going a big pouring service. Ford gripped out loans before the 2008 crisis and habituated that money to hang around afloat without claiming government help. These examples exhibit that financial planning actually brings when you pertain it in real life. The challenges of financial management are real. Short-term pressure from shareholders can hint to bad long-term decisions. Human biases can bring someone to be too sure about their decisions and jackleg bad choices. Unethical behavior can detriment businesses and harm people's careers. But these challenges can be hacked through discipline, awareness, and a solid sense of ethics. The most important message of this report is that financial management is not just for accountants and bankers. It's for anyone who forms

choices that bargain with money. Whether you're hacking a big company with offices all over the world or just startling a small business selling lemonade, the fundamental rules are the same. Know your numbers. Plan ahead. Evaluate your investments carefully. Pick the correct balance between espousing money and exercising ownership shares. Be honest and transparent. Always flash back to allow about the bigger picture and what will episode in the long run. Thank you for performance this report.

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APPENDICES

Appendix A: Glossary of Key Terms

This appendix construes the basic meanings of the important terms habituated in this report.

Financial management is the part of a business that fastens on planning, picking up, exercising, and hacking money. Shareholders are people who have a company because they have picked up shares of stock. Liquidity imports keeping enough cash on hand to retaliation bills when they are due. The concept of time value of money is the idea that a dollar today is worth more than a dollar in the future because it can be diinvestasikan dan menghasilkan bunga. Budgeting is stuff a clear plan about how money will be habituated and grew during a certain time. Forecasting imports speculation what future sales, expenses, and earnings will be by coming across at past information and stuff some lessoned guesses. Performance evaluation touches bracketing real results with the budgeted budget or forecast to estimate how well the company is bringing off. Investment decisions touch picking which long-term assets to pick up, which is also anonymous as capital budgeting. Financing decisions touch picking where to pick up the money essential, like through espousing money or by retailing shares. Dividend decisions are decisions about how much profit to retaliation out to shareholders versus how much to observe in the company. Net present value is the amount you pick up when you knock off the total value of all the money you expend now from the total value of all the money you take later, both deliberate as if they came today. The internal rate of return is the interest rate that forms the net present value of a project

equal to zero. Capital structure bears to the combination of debt and equity that a company exercises to deposit its business activities.

Appendix B: Simple Self-Assessment for Financial Managers

Use this short self-assessment to bill your own financial management practices. Answer yes or no to each question. Have I a formal budget for the upcoming year? The price of the product is \$19.99. Do I bracket actual results to my budget and research variances? Do I exercise net present value or internal rate of return to estimate big investments? Do I allow about different possible situations, such as the best possible outcome and the worst possible outcome, before stuff a choice? Do I understand my company's cost of debt and cost of equity? Do I hold a capital structure that scales risk and replace through proper use of controls and targets? Do I hold a clear plan for dividends or them? Do I hold enough money or credit to pick up through an unexpected dip in my situation? Do I hack all financial matters with honesty, fairness, and openness? If you replied no to any question, that is an area to better. Choose one question each month and bring on bettering that specific practice.